
PUTTING
THE
REAL
IN
Real Estate

LISTINGS AND SHOWINGS ARE
GOING DIGITAL, BRINGING
PROPERTIES TO LIFE—AND
STRENGTHENING OFFERS—LIKE
NEVER BEFORE.



BY TOM GIL

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AS A REAL ESTATE PROFESSIONAL, you're used to dealing with, practicing, and educating yourself on the laws, rules, and regulations of the space. You're also used to focusing on things like pricing, amortization, financing, recasting, and contracts.

While these basic concepts are necessary for a strong foundation in real estate, don't dismiss the new horizons the industry is facing, such as the imminent move to a digital future.

Here you'll learn about real estate's current digital landscape, why you should care, the numbers behind it, and how digitization is already affecting our profession.

The Trend: What Is (and Has Been) Going On

Nobody has a crystal ball with the ability to predict the future, but the nature of history is cyclical. Trends start slow. We had the internet, slow dial, broken websites, chat, SMS, and emails.

Back in 1999, the internet was thought to be a fad. Today, twenty-four hours without it, and your business collapses. Communications, transactions, and execution are almost all digital. Video calls dictate your schedule. Even when we go back to a post-COVID "normal," it will be a new normal.

You can't say you didn't see it coming—the shift to digital property showings started slowly as well:

1 First, there's the centuries-old method of viewing properties using pictures—black and white, and then in color. In 2018, the stats were already clear. Taking a professional picture of your property will cost you \$15 and returns more than 300 times over. Properties with better pictures sell for \$5,500 more on average.

2 For years, videos were the next best thing to flying and seeing the property in person. Today, property videos are so easy to take using your phone and drones. In March 2020, Redfin reported an increase of 494 percent in agent-led video home tours.

3 And recently, 3D virtual and interactive tours emerged, using special equipment and technologies. In March 2020, Zillow reported it saw a 191 percent increase in the demand for 3D showings, and that home showings with 3D tours were shared 50 percent more and sold 10 percent faster.

Still, the feeling of walking into a property cannot be replaced, just like meeting in person still carries more weight than talking over video. So why worry, or even panic?

Because storytelling through digital experience is accelerating. And selling a home is all about storytelling.

Take Netflix, for example: In the past five years, it has increased production of interactive choice and narrative content, starting with targeting younger audiences back in 2017. It now offers interactive content geared toward the adult audience, featuring stars like Bear Grylls. Additionally, video games and VR (virtual reality) are taking over the world.

The reason for that is psychological. It relates to our senses and how we perceive the world around us. Going to the movies (or viewing a property through video) only engages two of your five basic senses: sight and hearing. The other three—taste, smell, and touch—are not engaged in the experience.

Digital tours, however—while not using smell, taste, or touch—do tap into one of our extended senses, tricking us to feel more engaged. This sense is called *proprioception*. It's the sense that dictates how your brain understands where your body is in space. Proprioception includes the sense of movement and position of our limbs and muscles.

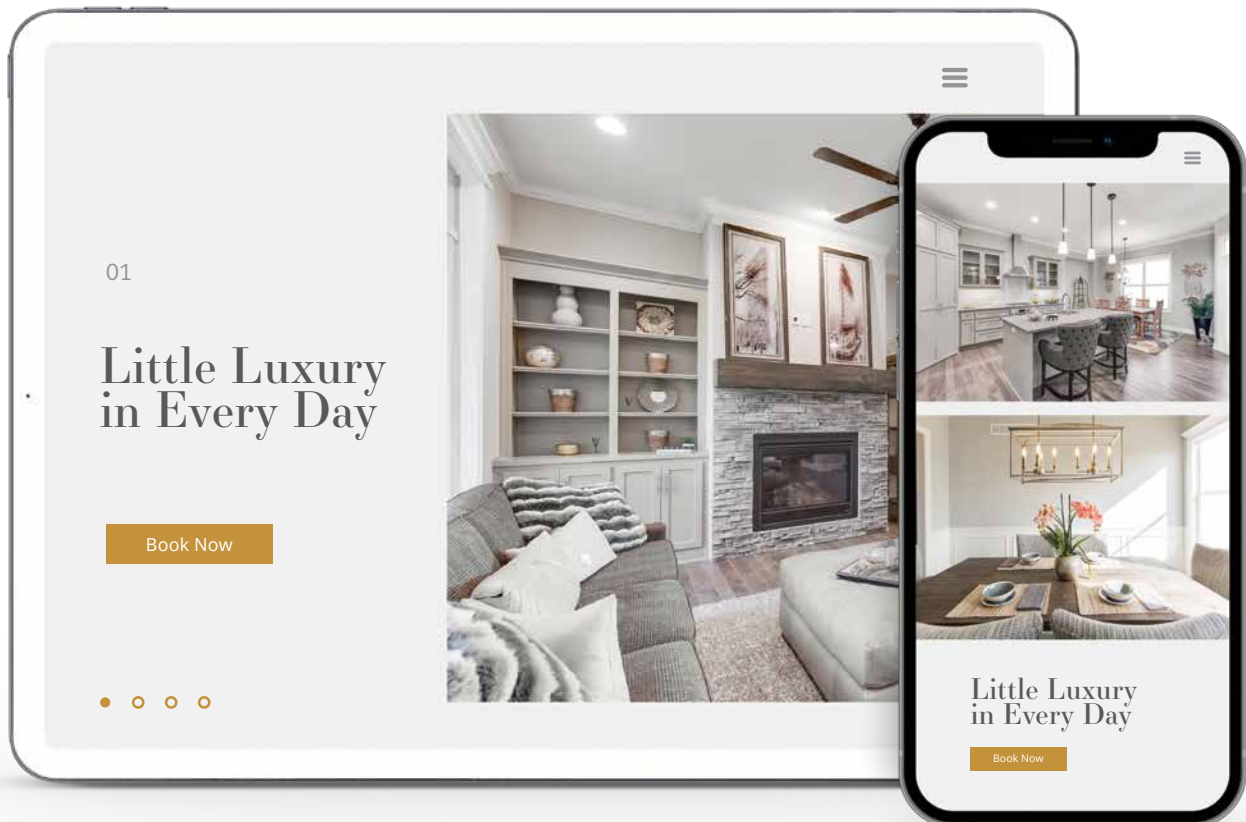
For example, you use it when you're able to touch the tip of

your nose using your finger, even with your eyes closed. Or when you're sprinting up or down the stairs to catch your train to work. You don't look at the stairs when sprinting—you know "automagically" where each stair is in respect to each leg.

That's what virtual/3D interactive showings amplify (or trick). Your sense of proprioception. The sense of your physical being in space.

A gamified experience is more immersive than video or pictures. It's the closest thing to being there, and it applies to property showings too. The better the technology, the stronger the experience. The stronger the experience, the more you feel the property.

Because *storytelling* through digital experience is accelerating.



The following three lists


entail factual events that took place recently in the finance, gaming, and real estate industries. At first glance, these events might seem disconnected, but hang tight—we will connect the dots. . . .

THE DIGITAL FINANCES TREND:

- For the first time in U.S. history, the IRS has entered a cryptocurrency clause in its 2019 tax filing. “At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? YES or NO.” For 2020, this question moved to just after the address. The question occurs before listing your kids in the dependents block. Crypto before kids and wages.
- Cryptocurrency Bitcoin surged by 600 percent from October 2020 to March 2021, reaching \$60,000 at its peak.
- In March 2021, it was reported that an NFT (non-fungible token) sold at a Christie’s auction for \$60 million, making it the most expensive NFT ever sold at auction.
- The mayor of Miami allowed residents to pay their taxes in Bitcoin starting in 2021.
- In March 2021, Tesla offered to pay for its cars with Bitcoin.
- Square, VISA, Mastercard, PayPal, JP Morgan, and international banks have all started dealing or allowing their clients to transact with crypto.

THE VIRTUAL GAMING TREND:

- In March 2021, Mark Zuckerberg shared his vision for effortless socializing via VR headsets, and three days later, revealed Facebook’s augmented reality wristband.
- Early March 2021, Microsoft, which makes the XBOX consoles, buys gaming studio Bethesda (Zenimax) for a record fee of \$7.5 billion. Microsoft makes enough profit in three months to pay for that purchase twice.
- In March 2021, Microsoft was having exclusive talks with Discord, a chat platform loved by gamers, showing interest in purchasing it for \$10 billion.
- As of March 2021, 110 to 115 million PS4 consoles were sold. That’s more than one-third of the U.S. population.
- As more generations have grown up with

A decorative graphic consisting of a series of connected dots forming a wavy, abstract line that flows across the top of the page, partially overlapping the two main text columns.

video games being a normal part of life, video gaming is no longer a hobby exclusively enjoyed by the young, as the age of the average gamer increases. A 2020 survey found 38 percent of gamers are aged 18 to 34.

- Gaming attracts both genders, with 2019 figures estimating that 46 percent of all computer and video gamers in the United States are female.

- In 2020, the gaming industry was worth \$169 billion. It's estimated to be worth \$287 billion by 2026, exhibiting a CAGR (compound annual growth rate) of 9.24 percent.

- Estimates suggest that in 2020, sales of augmented and virtual reality (AR/VR) headsets reached around 16 million units sold and will reach 23 million units sold by 2023. It is expected to have a CAGR of 30.2 percent from 2020 to 2027.

THE VIRTUAL REAL ESTATE TREND:

- In March 2019, Matterport—which gives landlords and property managers the ability to capture 3D renderings of their properties, allows prospective tenants to take virtual tours, and even integrates with an iPhone camera—raised \$48 million to ramp up its ability to produce high-end 3D imaging.

- In February 2021, Matterport announced it is going public via a SPAC merger in a \$3 billion deal.

- In March 2021, Fortune 500 consulting firm Accenture (NYSE: ACN) placed digital twin technology (the technology Matterport uses) on its list of the top five tech trends in 2021.

- In March 2021, the average cost of a house in the U.S. reached \$400,000 according to Statista. In the same month, a *virtual* house on Mars, one you obviously can't even live in, was sold for \$500,000 according to Inman.

While Matterport has competition—like Cupix3D, Zillow 3D, and VPiX 360—it's more popular. Presented with overwhelming numbers, and in spite of them being from three different fields, clear patterns emerge, and connecting the dots leads to a few conclusions:

First, people are clearly drawn to interactive (gamified) storytelling experiences. The science as to why and the money

it attracts are undeniable. Additionally, payments are becoming hyper-digital.

Second, this trend has been growing slowly for years, and the 2020 pandemic accelerated it.

Third, the real estate space is already affected by it.

The Future of Digital and Virtual Real Estate Showings

Instead of flying domestically or internationally to buy a property to invest in, or an office to relocate into, you could do it from your couch.

Yes, taking a jet to Hawaii is still sexier than viewing the same property in Maui through VR glasses or a screen, but digital showings are cheaper, more convenient, and become much easier, very fast. Plus, in a world where travel might be restricted, it gives you an immeasurable advantage.

As a landlord, you'll be able to show detailed 3D models of your homes, offices, retail locations, and workspaces. Your prospective tenant could visualize different office/furniture layout options.

It doesn't just save the flight tickets cost either. A landlord can use the technology to track use of HVAC and electricity in their properties. This gives you the ability to make informed decisions on the go, leading to energy cost savings.

You could use this technology to give your tenants complex and meaningful data on how they're using their rented space, where they can save money, and how to best expand. Suddenly you are the best landlord in the market.

That's the best part—this technology benefits both sides, both tenants and landlords. There's no opposition. It's a win-win.

Technology, finances, gaming, storytelling, and real estate. It's a lot to take in, but do not fear it. It's not a revolution, it's part of our natural evolution. We can't dream of hotels on Mars while property showings on Earth stagnate for fifty years. Whether you embrace or deny the digital trend is completely your decision—but now you can't say you didn't know. ■

LEADING THE *DIGITAL* Revolution

MATTERPORT'S CMO ROBIN DANIELS

ON HOW HIS COMPANY'S TECHNOLOGY IS ESSENTIAL TO THE FUTURE OF REAL ESTATE.



How would you describe the core product you're offering to a real estate agent/firm, and how is your product essential to the future of real estate?

Matterport brings any space to life with an immersive 3D tour, providing an experience that photos and text

can't replicate. In fact, it's been proven that homes with a Matterport 3D tour sell for up to 10 percent higher and 30 percent faster. Anyone can do it using just the phone in your pocket or a 360 camera that you can buy off Amazon for a few hundred dollars.

How does Matterport going public via SPAC affect your ability to serve the real estate market in the near future?

Matterport going public simply means that we can realize our mission of digitizing every building and space in the world to unlock the value that is dormant in those places, either through immersive 3D tours or through spatial data insights. We have more than 250,000 users on the platform today, and we're growing rapidly.

What do you think about the future of digital property showings, and how do you see Matterport as a part of it?

We are at the dawn of the revolution of spatial data and 3D. It's going to revolutionize every industry on the planet, from travel and hospitality to schools and offices to residential and commercial real estate. Matterport provides an open platform that lets companies around the world build incredible applications that make a Matterport space even richer and more useful, like a virtual staging platform that brings any empty space to life. The space is real, but the furniture is all computer-generated. This allows a commercial real estate developer the opportunity to sell a space fully built-out without actually doing so.